



House of Representatives

General Assembly

File No. 141

February Session, 2026

Substitute House Bill No. 5316

House of Representatives, March 24, 2026

The Committee on Banking reported through REP. DOUCETTE of the 13th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT PROHIBITING REAL ESTATE INVESTMENT TRUSTS FROM ACQUIRING OR INCREASING OPERATIONAL CONTROL OVER HOSPITALS OR HEALTH SYSTEMS AND PROHIBITING HOSPITALS AND HEALTH SYSTEMS FROM ENTERING INTO SALE-LEASEBACK FINANCING TRANSACTIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective October 1, 2026*) (a) As used in this section:
- 2 (1) "Health system" means (A) a parent corporation of one or more
3 hospitals and any entity affiliated with such parent corporation through
4 ownership, governance, membership or other means, or (B) a hospital
5 or any entity affiliated with such hospital through ownership,
6 governance, membership or other means;
- 7 (2) "Hospital" has the same meaning as provided in section 19a-646
8 of the general statutes;
- 9 (3) "Main campus of a hospital" means the licensed premises within
10 which the majority of inpatient beds are located;

11 (4) "Operational control" means to (A) influence or direct the actions
12 or policies of any part of a hospital or health system, or (B) choose,
13 appoint or terminate a member of the board, manager, managing
14 member, senior employee, consultant or other individual or entity that
15 participates in the operational oversight of a hospital or health system;

16 (5) "Person" has the same meaning as provided in section 1-79 of the
17 general statutes;

18 (6) "Real estate investment trust" has the same meaning as provided
19 in 26 USC 856, as amended from time to time; and

20 (7) "Sale-leaseback transaction" means a transaction in which a
21 hospital or health system enters into an agreement with another person
22 to sell and lease back hospital or health system-owned real property that
23 constitutes the main campus of a hospital.

24 (b) On and after October 1, 2026, no real estate investment trust shall
25 (1) acquire any operational control over a hospital or health system; or
26 (2) increase any operational control that the real estate investment trust
27 has over a hospital or health system.

28 (c) On and after October 1, 2026, no hospital or health system shall
29 enter into a sale-leaseback transaction.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2026	New section

Statement of Legislative Commissioners:
In Subsec. (b)(2), "health care system" was changed to "health system" for consistency with other provisions of the Section.

BA Joint Favorable Subst. -LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill prohibits: (1) real estate investment trusts from acquiring or increasing operational control of hospitals and health systems; and (2) hospitals and health systems from entering sale-leaseback transactions, resulting in no fiscal impact to the state or municipalities.

OLR Bill Analysis**sHB 5316****AN ACT PROHIBITING REAL ESTATE INVESTMENT TRUSTS FROM ACQUIRING OR INCREASING OPERATIONAL CONTROL OVER HOSPITALS OR HEALTH SYSTEMS AND PROHIBITING HOSPITALS AND HEALTH SYSTEMS FROM ENTERING INTO SALE-LEASEBACK FINANCING TRANSACTIONS.****SUMMARY**

This bill prohibits, beginning October 1, 2026, real estate investment trusts (REITs) from acquiring any operational control, or increasing any operational control they already have, over a hospital or health system (hospitals or parent corporations of hospitals and their affiliates).

Under the bill, “operational control” is (1) influencing or directing actions or policies of any part of a hospital or health system or (2) choosing, appointing, or terminating a person or entity that participates in the hospital’s or health system’s operational oversight (for example, a board member, senior employee, or consultant). The bill incorporates the REIT definition from the federal Internal Revenue Code (26 U.S.C. § 856). Subject to various conditions, a REIT is generally a corporation, trust, or association (other than a financial institution or insurance company) that owns or finances income-producing real estate.

The bill also prohibits, starting October 1, 2026, hospitals and health systems from entering into sale-leaseback transactions. These transactions are agreements for a hospital or health system to sell and lease back real property comprising a hospital’s main campus.

EFFECTIVE DATE: October 1, 2026

BACKGROUND***Related Bills***

sSB 196 (File 48), favorably reported by the Public Health Committee,

(1) prohibits hospitals from entering into sale-leaseback transactions and (2) requires hospitals to annually attest that no private equity entity has a controlling interest in the hospital or may influence policies or procedures that would interfere with clinicians' decisions, and that the hospital license holder has full governance control over its assets and activities.

HB 5045, favorably reported by the Public Health Committee, replaces the current health care facility certificate of need (CON) program with a new one and, among various other changes, generally requires CON approval for a REIT's acquisition (in any way) of at least 20% of the assets or operations of a health care entity.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 13 Nay 0 (03/10/2026)